



Is your equity plan effective?

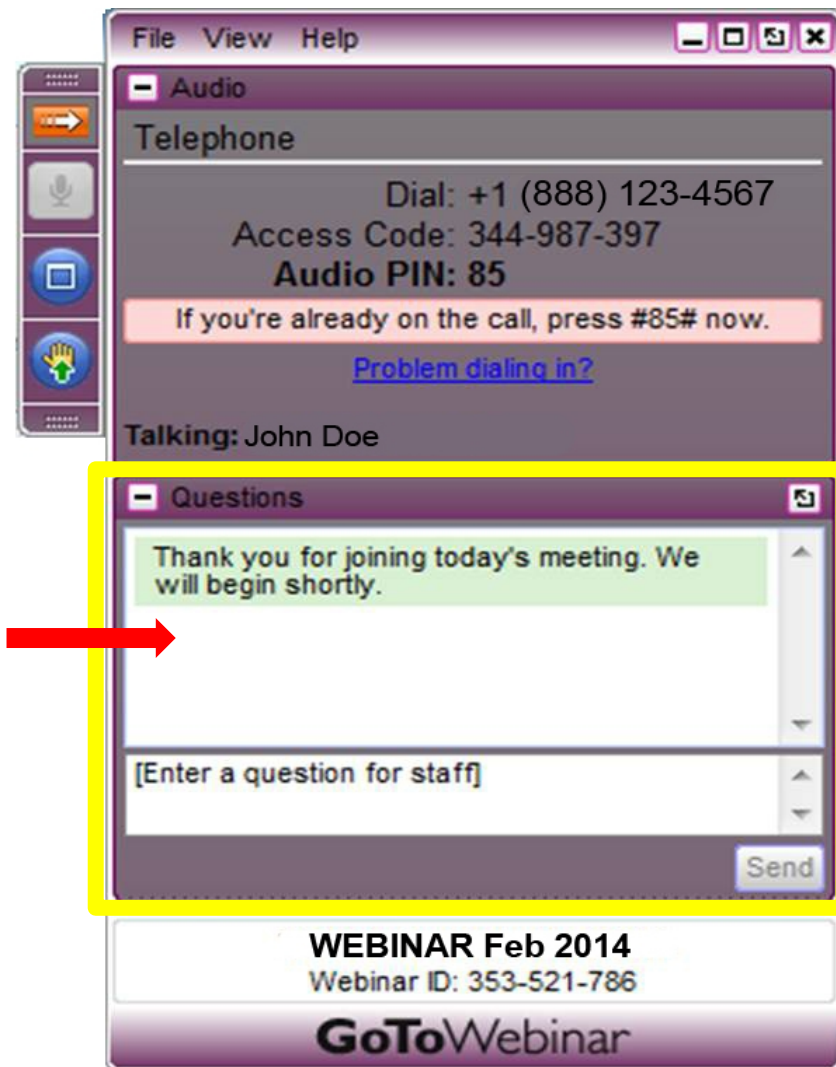
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group

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Enter your question
into the Questions
pane on the
GoToWebinar
Control Panel.



Introductions



Carine Schneider

Partner, Nua Group

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Carine has deep management and consulting experience in compensation, the private market and financial services. Before joining Nua, Carine was the President, NASDAQ Private Market, was a Partner at PwC, was the founder and CEO of Global Shares and CEO of Certent (formerly EASi). She founded the NASPP and GEO. In 2017, she was named one of the 100 Influential Women in Silicon Valley by the Silicon Valley Business Journal and one of 17 Women to Watch in 2017 by Brown Brothers Harriman Center on Women and Wealth.



Carmen Anderson

Senior Relationship Manager, Computershare

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Carmen has more than 15 years of experience managing and delivering premium service and consultative assistance to corporate clients in the administration of their equity compensation plans. Carmen helps clients stay in compliance with SEC, IRS and other security regulations. Prior to her current role, Carmen spent several years managing and implementing quality control processes within stock transfer services including proxy services, shareowner services, and corporate actions.

A top-down view of a minimalist desk. On the left is a small succulent in a gold-colored pot. In the center is a laptop with a white body and a black keyboard. To the right of the laptop is a cork coaster. In the bottom left corner, a portion of a black smartphone is visible. The laptop screen shows a website with social media links for Twitter, Instagram, and LinkedIn, along with the text 'ELSEWHERE' and 'benkold.com'.

**How do you know if
your plan is effective?**

Is your plan effective?

- Plans are designed with goals in mind, but rarely is anyone revisiting and measuring against those goals.

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- Does the Board/Senior Management truly understand the value your equity plan provides?
- **How do you figure this out?**

Stock Options



Stock option data required

Number of total employees in the company

Number of stock option participants

Total shares granted in the past 48 months

Total shares exercised in the past 12 months

Number of employees who have left the company in the past 12 months

Number of shares cancelled in the past 12 months

Number of option grant shares set to expire within the next 12 months

Stock option expense over the past 12 months

Total amount collected by the company from stock option exercises (not including tax withholding)

Where do you get data?

Your plans provider

- Stock plan reporting tool
- Financial reporting tool

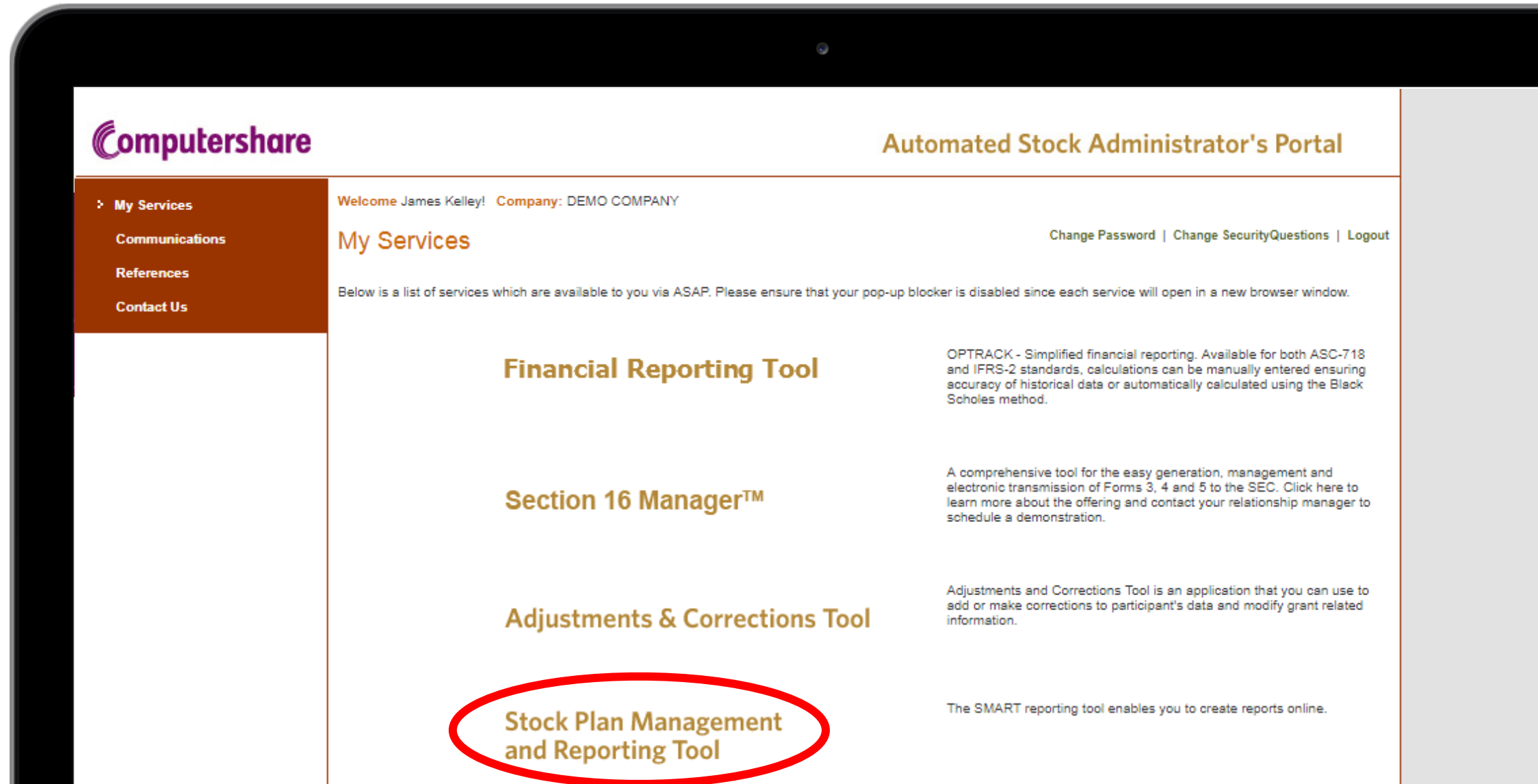
In-house

- Human resources
- Finance
- Payroll

Computershare Resources

- Stock Plan Management Reporting Tool (SMART)
- OPTRACK financial reporting tool
- Both available from the Automated Stock Administrator's Portal

Stock plan reporting tool
































My Documents

Folders

- Public Folders
- EOS Documents
 - Administrative Reports
 - Exercise Reports
 - FASB Reports
 - Internal Reports
 - Leveraged Plan Reports
 - Participant Mobility Tracking Reports
 - Participant Reports
 - Proxy Reports
 - Reconciliation Reports
 - Restricted Stock Reports
- ESPP Document
- SLOC Document

Search

Title ▲	Type	Last Run	Instances
 Award Continuity Report by Activity Date	Web Intelligence	Jan 10, 2018 11:36 AM	90
 Award Continuity Report by Transaction Date	Web Intelligence		0
 Awards and Dividends Outstanding Report by Activity Date	Web Intelligence	Jan 27, 2017 4:11 PM	4
 Awards Outstanding Report by Activity Date	Web Intelligence	Jan 11, 2017 1:38 PM	18
 Awards Outstanding Report by Transaction Date	Web Intelligence	Jul 12, 2016 9:57 AM	8
 Cancellation by Vest Date	Web Intelligence	Nov 1, 2017 8:01 AM	2
 Cancellation Recap Report	Web Intelligence	Jan 18, 2018 9:42 AM	49
 Cancellation Recap Report to Filter Tandem Grants	Web Intelligence		0
 Cancellation Report By Activity Date	Web Intelligence	Jan 17, 2018 2:40 PM	102
 Cancellation Report By Transaction Date	Web Intelligence	Jul 25, 2014 1:07 PM	2
 Current Options Outstanding	Web Intelligence	Sep 8, 2017 9:12 AM	13
 Current Options Outstanding Report by Grant Date	Web Intelligence	Jan 19, 2017 5:03 PM	6
 Current Outstanding Grants with Dividends	Web Intelligence	Nov 15, 2017 1:50 PM	31
 Current Outstanding Grants with Projected Dividends	Web Intelligence		0
 Current Outstanding Summary with Dividends	Web Intelligence	Jan 18, 2018 5:17 AM	59
 Current Outstanding with Dividends	Web Intelligence	Mar 30, 2016 1:31 PM	8
 Daily Activity Report	Web Intelligence	May 21, 2008 4:25 PM	2
 FAS Options Awards Outstanding Report by Transaction Date	Web Intelligence		0
 Grant Award Recap Report	Web Intelligence	Jan 18, 2018 5:03 AM	120
 Grant Award Recap with Participant Mobility	Web Intelligence	May 15, 2017 2:28 PM	2
 Grant Life Cycle Report	Web Intelligence	Jun 20, 2017 8:14 PM	68
 Grant Life Cycle Report By Cancellation Date	Web Intelligence	Feb 5, 2015 11:23 AM	1
 Grant Life Cycle Report By Exercise Date	Web Intelligence	Feb 5, 2015 11:22 AM	1
 Grant Life Cycle Report with Fractional Shares	Web Intelligence		0
 Grant Summary - Options Outstanding Report by Activity Date	Web Intelligence		0
 Grant Summary - Options Outstanding Report by Transaction Date	Web Intelligence		0
 Grant Summary Totals by Activity Date	Web Intelligence		0
 Grant Summary Totals by Transaction Date	Web Intelligence		0
 Options Awards Outstanding Report by Activity Date	Web Intelligence	Apr 17, 2017 12:49 PM	34

Sample information

Unique participants in plan	761
NQ shares granted (past 12 months)	3,813,007
NQs shares exercised (past 12 months)	2,289,242
Participants terminated (in past 12 months)	292
Shares Cancelled (in past 12 months)	532,826
Shares about to expire (within the next 12 months)	106,198
Number of employees with shares set to expire	173
Expense realized over 12 month	\$23,562,987
Cash collected over 12 months (w/o taxes)	\$93,741,825.52

A top-down view of a workspace. On the left, a small succulent in a gold-colored pot sits on a white surface. To its right is a round cork coaster. In the bottom left corner, a portion of a black smartphone is visible. On the right side, a silver laptop is open, showing a keyboard and a screen with a website. The website has a navigation bar with 'front-end', 'ui/ux', and 'html'. Below that, a section titled 'ELSEWHERE' lists 'benkold.com', 'Twitter', 'Instagram', and 'LinkedIn'.

Restricted Stock Units (RSU)

RSU data required

During the past 12 months:

Total number of units/
shares granted

Number of RSU
eligible recipients

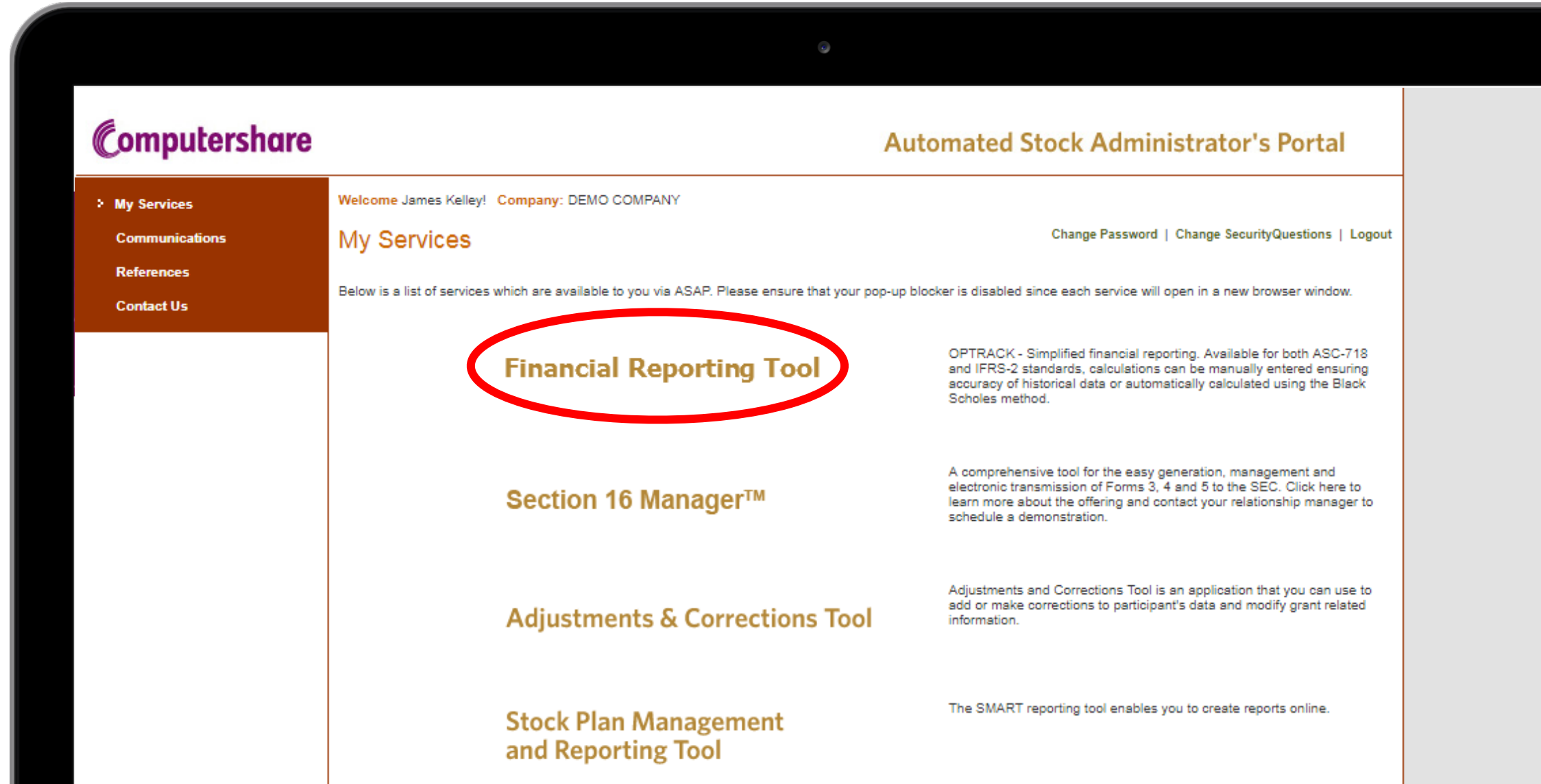
Number of RSU grants
that matured

Expense cost to the
company for RSU's that
were granted

Expense cost to the
company for RSU's that
were lapsed

Number of RSU's that
were forfeited and
cancelled

OPTRACK Financial Reporting Tool



Home

Company Setup

Award Management

Award Reporting

Share Management

Disclosures

Taxation

Support Center

More

Report View: ☒ Contract ☐ Grant DateDetails: ☒ Show ☐ Hide

Generate Details

Customize View...


Original View

Rows per page: 100 Page 1 of 1

Issued	Issue Date	Expiry Date	Issued to	Plan	Location	Department	Current Strike Price	Award Price	Award Price Calc.	Total Exercised	Total Expired	Date Expired	Q1 Cap/Expenses	Q2 Cap/Expenses	Q3 Cap/Expenses	Q4 Cap/Expenses	Annual Total	Legal Plan	Participant Type
10,000	2016/10/03	2026/10/03	Sarah Gilroy	ASC 718	Asgard	Avengers	\$64.30	\$24.82670000		0	0		\$0.00	\$0.00	\$0.00	\$20,333.09	\$20,333.09	ASC 718	REGULAR
1,000	2016/06/01	2026/06/01	Black Widow	ASC 718	New York	Avengers	\$72.00	\$10.00000000		0	0		\$0.00	\$0.00	\$702.48	\$531.14	\$1,233.62	ASC 718	REGULAR
4,143	2016/05/03	2026/05/03	Peter Parker	ASC 718	New York	Head Office	\$72.40	\$29.98790000		0	0		\$0.00	\$5,898.83	\$9,198.18	\$9,198.18	\$24,295.20	ASC 718	INVESTOR
5,857	2016/05/03	2026/05/03	Peter Parker	ASC 718	New York	Head Office	\$72.40	\$29.98790000		0	0		\$0.00	\$8,337.82	\$13,001.34	\$13,001.34	\$34,340.50	ASC 718	INVESTOR
1,000	2016/05/01	2026/05/01	Peter Parker	ASC 718	New York	Head Office	\$72.00	\$30.31120000		0	0		\$0.00	\$1,567.09	\$2,364.88	\$2,364.88	\$6,296.84	ASC 718	INVESTOR
7,333	2016/04/01	2026/04/01	Captain America	ASC 718	New York	Avengers	\$25.00	\$52.29070000		0	0		\$0.00	\$7,337.56	\$7,427.04	\$7,427.04	\$22,191.64	ASC 718	REGULAR
2,667	2016/04/01	2026/04/01	Captain America	ASC 718	New York	Avengers	\$25.00	\$52.29070000		0	0		\$0.00	\$31,971.83	\$32,310.41	\$32,310.41	\$96,592.64	ASC 718	REGULAR
10,000	2016/04/01	2026/04/01	Captain America	ASC 718	New York	Avengers	\$25.00	\$0.00000000		0	0		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	ASC 718	REGULAR
10,000	2016/04/01	2026/04/01	Martin Bulk	ASC 718	New York	Avengers	\$25.00	\$52.29070000		0	0		\$0.00	\$43,296.88	\$43,767.29	\$43,767.29	\$130,831.27	ASC 718	REGULAR
10,000	2016/04/01	2026/04/01	Martin Single	ASC 718	New York	Avengers	\$25.00	\$52.29070000		0	0		\$0.00	\$43,296.88	\$43,767.29	\$43,767.29	\$130,831.27	ASC 718	REGULAR
10,000	2016/04/01	2026/04/01	Black Widow	ASC 718	New York	Avengers	\$25.00	\$0.00000000		0	0		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	ASC 718	REGULAR
2,000	2015/12/06	2025/12/06	Sameer A	ASC 718	Asgard	Head Office	\$70.00	\$31.42790000		0	0		\$4,592.74	\$4,592.74	\$4,643.21	\$7,135.32	\$20,964.02	ASC 718	REGULAR
5,000	2015/06/01	2025/06/01	Peter Parker	ASC 718	New York	Head Office	\$0.00	\$68.15000000		0	0		\$24,890.44	\$38,405.18	\$25,217.57	\$25,217.57	\$113,730.77	ASC 718	INVESTOR
125,000	2015/01/01	2025/01/01	Mister Fantastic	ASC 718	New York	Fantastic Four	\$2.00	\$5.00000000		0	0		\$62,500.00	\$41,666.67	\$41,666.67	\$41,666.67	\$187,500.00	ASC 718	REGULAR
25,000	2015/01/01	2025/01/01	Mister Fantastic	ASC 718	New York	Fantastic Four	\$2.00	\$5.00000000		0	0		\$15,625.00	\$15,625.00	\$15,625.00	\$15,625.00	\$62,500.00	ASC 718	REGULAR
48,000	2014/04/01	2024/04/01	Employee A Employee A	ASC 718	Asgard	Head Office	\$79.93	\$29.40880000		0	0		\$88,226.46	\$88,226.46	\$88,226.46	\$88,226.46	\$352,905.85	ASC 718	REGULAR
48,000	2014/04/01	2024/04/01	Employee B Employee B	ASC 718	Asgard	Head Office	\$79.93	\$1.00000000		0	0		\$2,305.30	\$5,084.10	\$2,305.30	\$0.00	\$9,694.70	ASC 718	REGULAR
48,000	2014/04/01	2024/04/01	Employee C Employee C	ASC 718	Asgard	Head Office	\$79.93	\$29.40880000		0	0		\$88,226.46	\$88,226.46	\$88,226.46	\$88,226.46	\$352,905.85	ASC 718	REGULAR

Sample information

Unique participants in plan	364
RSU's granted (past 12 months)	18,200,000
All outstanding RSU's	24,750,000
RSU's matured (past 12 months)	2,289,242
Participants terminated (in past 12 months)	103
RSU's Cancelled (in past 12 months)	17,400,000
Expense realized over 12 month \$97,352,688	\$97,352,688
Cash collected over 12 months (w/o taxes)	0

A top-down view of a workspace. On the left is a small succulent in a gold-colored pot. In the center is a large orange rectangle with white text. To the right is a laptop with a black keyboard. Above the laptop is a round cork coaster. In the bottom left corner is a black smartphone.

Employee Stock Purchase Plans (ESPP)

ESPP Data Requirements

Number of eligible employees

Number of eligible employees who have participated in the past 18 months % participation in current offering

Total amount of cash contributed during past offering period

Cost of shares purchased (not including the discount)

Total discount (in cash) provided to participants

Value of stock held by participants

Number of shares and number of employees who still hold shares at broker (1 month after purchase; 6 months after purchase; 12 months after purchase)

Issuer Online for ESPP reports

The screenshot displays the Computershare Issuer Online interface for a demo company. The top navigation bar includes the Computershare logo, the company name "COMPUTERSHARE DEMO COMPANY", and a "CHANGE COMPANY" button. User information in the top right corner shows the user is "Carmen", with a last login of "12/15/2017 11:37 AM", and links for "My Details", "Logout", "Contact Us", and "Help".

The main navigation menu is located below the header and includes the following items: Dashboard, Reports, Holders, Meeting Services, Tools, Employee Ownership, Knowledge Bank, and Corporate Governance. The "Reports" menu is currently expanded, showing a list of report-related options: Report Summaries, Report Overview, Report Search, Capital Watch, Employee Plan Reports, On Demand Reporting, and Section 16 Reports.

The main content area is divided into several sections:

- Market Data Q...**: A section with a date input field set to "1/11/2018".
- Market Data Ch...**: A section with a date input field.
- In the Spotlight**: A featured banner with the text "Reduce environmental impact with sustainable products and services" and a "LEARN MORE" button. The banner image shows a pair of hands holding a small tree.
- Recently Uploaded Files**: A table with columns for "Name" and "Date". The table is currently empty, displaying "No Records Found." and a "GO TO FILESHARE" button.
- Feedback Form**: A form located at the bottom left of the main content area.

A red-bordered box on the left side of the main content area contains a message: "No stock quote for this security. NOTE: Stock quotes are routinely provided for publicly traded securities; a company may elect to supply calculated valuation for non-traded/unlisted securities."

Other helpful data

Total number of full-time employees

Total annual payroll costs (pre-tax)

Employee turnover rate for past 2-3 years (with as much detail as possible)

Stock price history for the past 2 years

**Any
questions
so far?**



So what questions should I be asking?

About my stock options plan:

- What percentage of stock option grants are completely vested?
- For the stock options we grant, how many are cancelled due to employee resignation?
- What was the average gain for an employee who was completely vested in their stock option grant?
- How many people left the company with unvested, unexercised stock options? What percentage is that of the total number of employees with option grants?
- What was the tax deduction taken by the company for the stock option plan?

So what questions should I be asking?

About my RSU plan:

- How many RSU's never matured (i.e., they were granted but did not serve their retention purpose)?
- What was the cost of the RSU's granted during the past year?
- How many shares were transferred to employees as a result of the RSU's vesting?

So what questions should I be asking?

About my ESPP:

- Do my employees understand the plan and are they enrolling to participate? If not, why?
- How much money is the company collecting versus the cost of the plan (administrative costs, plan expense)?
- Are employees holding the shares after the purchase?
- Is employee participation increasing or decreasing? Does the stock price changes correlate with the change in participation?

CASE STUDY



Case study – Czarina Industries

- Midsize, public company based in Omaha. The stock price is relatively flat for the past 3 years, with no sizable appreciation in stock price. The company pays a generous annual dividend (\$4.00/share).
- Only senior management receive RSU's. The company has stopped granting stock options. All U.S. employees are eligible for the ESPP which provides a 5% safe harbor discount and a 6 month savings period with no look-back.
- In reviewing the data, the company realized that only 12% of employees participated in the ESPP and due to the low participation, the annual legal and administrative costs of the plan outweighed the total value of the stock held by employees.
- The company reviewed the RSU plan and found that senior management were selling shares, on average, within 3 months of vesting and that senior management sold ESPP stock immediately while most rank and file employees were holding shares for at least 12 months after purchase.

Suggestions for Czarina Industries

- Increase the discount of the ESPP to 15% to encourage more employees to participate.
- Set aside a budget to communicate the plan and ensure employees understand the value and savings opportunity.
- Add a matching share program if employees hold their shares for at least 1 year.

Redesign the RSU plan for executive management so that executives receive 25% of award in stock options and 75% in RSU's.

Implement a stock ownership program for senior executives.

What else can you do to ensure you are in check?

Join industry groups
like GEO, NASPP, CEP,
NCEO

Work closely with
experts like Nua Group

Perform an independent
employee stock plan
satisfaction survey

Get statistical analysis
from your administrator
(Equity and ESPP)

Attend various industry events
(webinars, conferences,
chapter meetings)

Your thoughts?

Upcoming events

This webinar has been recorded and a link to it and the presentation will be sent to you. Join our next events:

Computershare ESPP Day Conference

February 8, 2018 | New York, NY
www.computershare.com/esppday

Employee Communications presentation at the CT NASPP February chapter meeting

Nua Group will be speaking at the **GEO International Conference** in Orlando, FL April 24 - 26, 2018

Nua Group will be also be at **Total Rewards in Silicon Valley** at the Netherlands GEO May chapter meeting

Get in touch!



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